

Utilities

MISSION STATEMENT

The goals of the County Government relating to utility consumption are to:

- achieve energy savings by the elimination of wasteful or inefficient operation of building systems;
- continue improvements in energy efficiency in all County operations; and
- obtain required energy fuels at the most favorable cost to the County.

BUDGET OVERVIEW

The FY05 recommended budget for the tax supported Utilities non-departmental account (NDA) is \$13,991,300, an increase of \$1,309,630 or 10.3 percent from the FY04 approved budget of \$12,681,670. Allocation of these utilities expenditures is as follows: electricity, 86.7 percent; natural gas, 7.4 percent; water and sewer, 5.3 percent; and fuel oil 0.6 percent. Of the total \$1,309,630 increase, \$54,600 is due to the Solid Waste System Services Benefit Charge. This is an annual service charge corresponding to all or a portion of the costs incurred by the County in providing solid waste management services. The remaining budget change of \$1,255,030 is due to increased costs for utility deregulation consultant services, rate increases, and from new or annualized facilities, streetlights, or traffic signals.

The FY05 recommended budget includes County government utilities expenditures for both tax and non-tax supported operations. Tax supported utilities expenditures related to the General Fund departments are budgeted in the Utilities NDA, while utilities expenditures related to special fund departments are budgeted in those funds. Some of these special funds, such as Recreation and portions of the Department of Public Works and Transportation, are tax supported. Other special funds, such as Solid Waste, are not supported by taxes, but through user fees or charges for services.

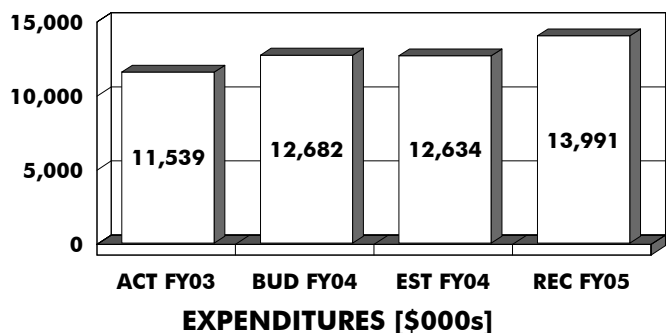
Utilities expenditures are also found in the budgets of other County agencies: Montgomery County Public Schools (MCPS), Montgomery College, the Washington Suburban Sanitary Commission (WSSC), and the Maryland-National Capital Park and Planning Commission (M-NCPPC). The total budget request for these "outside" agencies is \$44,737,990, which includes the entire bi-county area of WSSC.

The FY05 recommended tax supported budget for Utilities Management, including both the General Fund NDA (\$13,991,300) and the other tax supported funds (\$1,368,980), is \$15,360,280, an increase of \$1,434,150 or approximately 10.3 percent from the FY04 approved utilities budget.

Program Summary

	Expenditures	WYs
Utilities (for All General Fund Departments)	13,991,300	0.0
Totals	13,991,300	0.0

Trends



The FY05 recommended budget for non-tax supported utilities expenditures is \$2,636,320, an increase of \$390,700 or 17.4 percent from the FY04 approved budget. In both the tax and non-tax supported funds, increased utilities expenditures result primarily from higher commodity unit costs due to market price fluctuations; greater consumption due to new facilities or services; and in some cases, a more precise alignment of budgeted costs with actual prior-year expenditures by utility type. Energy conservation and cost-saving measures (e.g., new building design, lighting technology, energy and HVAC management systems) help offset increased utility consumption or unit costs.

The Executive is recommending no change to the County's Energy Tax rate structure this fiscal year. The County's Interagency Committee on Energy and Utility Management (ICEUM) is currently projecting a cost increase potential for Electricity (21.0%), Fuel Oil (7.5%), Natural Gas (8.8%), and Water and Sewer (3.0%). These projections reflect market anxiety concerning Electricity Deregulation and the end of Standard Offer Service (Fixed Pricing) in FY04, and current world events on the commodities futures markets. Motor Fuels, consisting of Unleaded Gasoline, Diesel, and Compressed Natural Gas, are also expected to fluctuate upward based on current market trends. These fuels are purchased from various providers, and are budgeted in the DPWT Division of Fleet Management Services; not the General Fund Utilities NDA. ICEUM also monitors changes in energy costs in the current year and will recommend appropriate changes, if necessary, prior to final Council approval of the FY05 budget.

The following is a description of utility service requirements for departments which receive tax or non-tax supported appropriations for utilities expenditures. The utilities expenditures for the non-tax supported operations are appropriated within their respective operating funds but are described in the combined utilities presentation for reader convenience.

TAX SUPPORTED

Transportation

Division of Operations: Building Maintenance and Operation

The DPWT Building Maintenance and Operation section is responsible for managing all utilities for general County operations including all County office buildings, police stations, libraries, health and human services facilities, correctional facilities, maintenance buildings, and warehouses.

Division of Operations: Traffic Engineering

The DPWT Traffic Engineering section manages all County streetlights, traffic signals, traffic count stations, and flashing school signs. The utilities expenditures for these devices are budgeted here as this section designs, installs, controls, and maintains them. In addition, minimal utility costs for the Operations Center and Highway Maintenance Depots are budgeted in the Traffic Engineering component of the General

Fund non-departmental account.

Division of Transit Services

The DPWT Division of Transit Services Mass Transit Facilities Fund supports all utilities associated with the Ride On transit centers and Park and Ride Lots.

Recreation

The Department of Recreation funds all utility costs for its recreational facilities located throughout the County, such as swimming pools, community recreation centers, and senior citizen centers.

Urban Districts

Urban District utilities are supported by Urban District Funds which are included in the operating budget for Regional Services Centers.

NON-TAX SUPPORTED

Fleet Management Services

The DPWT Division of Fleet Management Services utility expenditures are displayed in the Special Fund Agencies - Non-Tax Supported section, to reflect that Fleet Management Services expenditures are not appropriated directly but in the budgets of other departments.

The Division of Fleet Management Motor Pool Internal Service Fund supports all utilities associated with the vehicle maintenance garages in Rockville, Silver Spring, and Gaithersburg. Fuel for the County's fleet is also budgeted in that special fund, but these costs are not included in the utilities expenditures displayed in this section.

Parking Districts

The Parking Districts fund utility expenditures associated with the operation of all County-owned parking garages and parking lots.

Liquor Control

The Department of Liquor Control funds utility expenditures associated with the operation of the liquor warehouse, administrative offices, and the County-owned and contractor-operated retail liquor stores.

Solid Waste Services

Solid Waste Services funds utility expenditures associated with the operation of the County's Solid Waste Management System. Utilities expenditures associated with the operation of the Oaks Sanitary Landfill maintenance building, the County's Recycling Center, the Resource Recovery Facility, and most of the Solid Waste Transfer Station are currently the responsibility of the operators. Only the site office and maintenance depot costs

continue to be budgeted as an identifiable utilities expenditure in the Solid Waste Disposal Fund.

Other Agencies

Utilities for MCPS, Montgomery College, (bi-county) WSSC, and M-NCPPC are displayed in the charts on the following pages. These are the amounts requested in the budgets of those agencies.

PROGRAM CONTACTS

Contact Bryan Hunt of the Office of Management and Budget at 240.777.2770 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Utilities (for All General Fund Departments)

The Utilities Non-Departmental account provides the General Fund operating expense appropriation for the Department of Public Works and Transportation, Division of Operations. The utilities expenditures for other non-tax supported operations and other agencies are appropriated within their respective department or agency.

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	12,681,670	0.0
Add: Renewable electric energy from 'wind power'	62,760	0.0
Enhance: Utility deregulation consultant services	50,000	0.0
Increase Cost: Electricity for vertical structures due to projected unit costs (building maintenance and operation)	491,150	0.0
Increase Cost: Electricity for street lights and traffic signals due to projected unit costs (traffic engineering)	408,690	0.0
Increase Cost: Natural gas due to growth and projected unit costs	150,550	0.0
Increase Cost: Electricity for vertical structures due to growth **	150,540	0.0
Increase Cost: Water and sewer due to growth and projected unit costs	91,110	0.0
Increase Cost: Electricity for street lights and traffic signals due to growth	60,130	0.0
Increase Cost: Systems benefit charge *	54,600	0.0
Increase Cost: Fuel oil due to growth and projected unit costs	40,100	0.0
Decrease Cost: "Energy Wise Offices" program imputed base-line avoided electricity costs	-250,000	0.0
FY05 CE Recommended	13,991,300	0.0

* The SBC is an annual service charge corresponding to all or a portion of the costs incurred by the County in providing solid waste management services.

** New vertical facilities include Strathmore Hall Arts Center and the Damascus Community Recreation Center.

BUDGET SUMMARY

	Actual FY03	Budget FY04	Estimated FY04	Recommended FY05	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
County General Fund Personnel Costs	0	0	0	0	—
Operating Expenses	11,539,424	12,681,670	12,633,670	13,991,300	10.3%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	11,539,424	12,681,670	12,633,670	13,991,300	10.3%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—

FUTURE FISCAL IMPACTS

Title	CE REC. FY05	FY06	FY07	(S000's) FY08	FY09	FY10
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY05 Recommended	13,991	13,991	13,991	13,991	13,991	13,991
No rate increase or usage change is included in outyear projections due to: consumption fluctuations from conservation efforts; more energy efficient devices; increased building square footage; the volatile nature of utility rates; and the impact of utility deregulation.						
6th District Police Station	0	0	0	0	0	45
Operating budget impact for Energy						
Advanced Transportation Management System	0	5	9	14	19	24
Operating budget impact for Energy						
Animal Shelter	0	0	0	0	69	69
Operating budget impact for Energy						
Brookville Service Park	0	0	0	0	10	10
Operating budget impact for Energy						
Citadel Avenue Extended	0	0	1	1	1	1
Operating budget impact for Energy						
Darnestown Road @ Shady Grove Road	0	0	1	1	1	1
Operating budget impact for Energy						
Detention Center Reuse	0	0	-18	-18	-18	-18
Operating budget impact for Energy						
Energy Conservation: MCG	0	-50	-100	-150	-200	-250
Operating budget impact for Energy						
Energywise Savings Program	0	-250	-250	-250	-250	-250
Operating budget impact for Energy						
Fairland Road Improvement	0	0	0	0	5	5
Operating budget impact for Energy						
Gaithersburg Library Renovation	0	0	0	0	0	-9
Operating budget impact for Energy						
Germantown Library	0	43	65	65	65	65
Operating budget impact for Energy						
Greencastle Road	0	0	4	4	4	4
Operating budget impact for Energy						
HVAC/Elec Replacement: MCG	0	-6	-12	-18	-24	-32
Operating budget impact for Energy						
Matthew Henson Trail	0	0	0	1	1	1
Operating budget impact for Energy						
Montrose Parkway West	0	0	0	0	0	12
Operating budget impact for Energy						
Multi-Agency Driver Training Facility	0	7	10	10	10	10
Operating budget impact for Energy						
Muncaster Road Improvements	0	4	4	4	4	4
Operating budget impact for Energy						
Nebel Street Extended	0	0	0	1	1	1
Operating budget impact for Energy						

Title	CE REC.	(\$000's)				
	FY05	FY06	FY07	FY08	FY09	FY10
Olney Library Renovation and Addition	0	0	0	0	15	32
Operating budget impact for Energy						
PSTA Academic Building Complex	0	0	0	0	0	61
Operating budget impact for Energy						
Public Facilities Roads	0	2	2	2	2	2
Operating budget impact for Energy						
Quince Orchard Road	0	0	0	0	4	4
Operating budget impact for Energy						
Redland Rd from Crabbs Branch Way to Needwood Rd	0	0	0	4	4	4
Operating budget impact for Energy						
Rockville Library	0	97	129	129	129	129
Operating budget impact for Energy						
Seven Locks Technical Center Phase II	0	0	0	43	44	45
Operating budget impact for Energy						
Silver Spring Civic Building	0	20	40	40	40	40
Operating budget impact for Energy						
Strathmore Hall Arts Center	0	184	184	184	184	184
Operating budget impact for Energy						
Streetlighting	0	21	42	63	84	105
Operating budget impact for Energy for additional streetlights to be installed in the public right-of-way, residential fill-in, high crime areas, and high accident areas due to County growth and development.						
Stringtown Road Extended	0	0	0	10	10	10
Operating budget impact for Energy						
Traffic Signals	0	12	55	55	55	55
Operating budget impact for Energy costs for additional traffic signals, flashing school signals, or flashing yellow lights to be installed in the outyears due to County growth and development.						
Travilah Road	0	0	0	7	7	7
Operating budget impact for Energy						
Valley Park Drive	0	0	1	1	1	1
Operating budget impact for Energy						
Vehicle Recovery Facility	0	0	0	15	15	15
Operating budget impact for Energy						
Woodfield Road Extended	0	0	0	2	2	2
Operating budget impact for Energy						
Subtotal Expenditures	13,991	14,080	14,158	14,211	14,285	14,380

COUNTY UTILITIES EXPENDITURES

EXPENDITURES BY DEPARTMENT/AGENCY

	ACTUAL FY03	BUDGET FY04	ESTIMATED FY04	RECOMMENDED FY05	CHANGE BUD/APPR	% CHANGE BUD/APPR
COUNTY GOVERNMENT TAX SUPPORTED OPERATIONS						
NON-DEPARTMENTAL ACCOUNT						
DPWT: Facilities and Services	5,580,775	6,422,850	6,375,660	7,405,160	982,310	15.3%
DPWT: Traffic and Parking Services	5,958,649	6,258,820	6,258,010	6,586,140	327,320	5.2%
GENERAL FUND NDA EXPENDITURES	11,539,424	12,681,670	12,633,670	13,991,300	1,309,630	10.3%
OTHER TAX SUPPORTED OPERATIONS						
DPWT: Transit Services	60,791	43,620	60,500	60,200	16,580	38.0%
Recreation	1,030,043	1,189,940	1,189,940	1,297,880	107,940	9.1%
Urban Districts Funds	2,142	10,900	3,400	10,900	0	0.0%
SUBTOTAL	1,092,976	1,244,460	1,253,840	1,368,980	124,520	10.0%
TOTAL TAX SUPPORTED	12,632,400	13,926,130	13,887,510	15,360,280	1,434,150	10.3%
COUNTY GOVERNMENT NON-TAX SUPPORTED OPERATIONS						
DPWT: Fleet Management Services	491,817	559,050	559,050	808,480	249,430	44.6%
DPWT: Parking Districts	955,737	1,152,880	1,152,880	1,217,800	64,920	5.6%
Liquor Control	393,235	439,100	439,100	507,160	68,060	15.5%
Solid Waste Services	91,850	94,590	94,850	102,880	8,290	8.8%
TOTAL NON-TAX SUPPORTED	1,932,639	2,245,620	2,245,880	2,636,320	390,700	17.4%
SUMMARY - COUNTY GOVERNMENT						
TOTAL TAX SUPPORTED	12,632,400	13,926,130	13,887,510	15,360,280	1,434,150	10.3%
TOTAL NON-TAX SUPPORTED	1,932,639	2,245,620	2,245,880	2,636,320	390,700	17.4%
TOTAL COUNTY GOVERNMENT	14,565,039	16,171,750	16,133,390	17,996,600	1,824,850	11.3%
OTHER AGENCIES TAX AND NON-TAX SUPPORTED OPERATIONS						
Montgomery County Public Schools	20,858,824	22,964,680	22,964,680	24,680,990	1,716,310	7.5%
Montgomery College	2,184,981	2,786,000	2,727,470	2,816,000	30,000	1.1%
Washington Suburban Sanitary Commission	11,428,940	12,352,800	13,465,330	14,982,000	2,629,200	21.3%
M-NCPPC	2,100,898	2,214,760	2,208,520	2,259,000	44,240	2.0%
TOTAL OTHER AGENCIES EXPENDITURES	36,573,643	40,318,240	41,366,000	44,737,990	4,419,750	11.0%
TOTAL UTILITIES EXPENDITURES	51,138,682	56,489,990	57,499,390	62,734,590	6,244,600	11.1%

COUNTY UTILITIES EXPENDITURES

EXPENDITURES BY ENERGY SOURCE

	ACTUAL FY03	BUDGET FY04	ESTIMATED FY04	RECOMMENDED FY05	CHANGE BUDGET/REC	% CHANGE BUDGET/REC
COUNTY GOVERNMENT TAX SUPPORTED OPERATIONS						
NON-DEPARTMENTAL ACCOUNT						
Electricity	10,106,211	11,107,550	11,058,440	12,135,420	1,027,870	9.3%
Water & Sewer	627,922	650,770	637,670	741,880	91,110	14.0%
Fuel Oil	45,510	45,080	45,500	85,180	40,100	89.0%
Natural Gas	759,781	878,270	892,060	1,028,820	150,550	17.1%
Propane	0	0	0	0	0	NA
GENERAL FUND NDA EXPENDITURES	11,539,424	12,681,670	12,633,670	13,991,300	1,309,630	10.3%
OTHER TAX SUPPORTED OPERATIONS						
Electricity	706,135	707,430	716,450	834,500	127,070	18.0%
Water & Sewer	153,810	214,240	214,370	220,620	6,380	3.0%
Fuel Oil	0	19,930	19,930	10,000	(9,930)	-49.8%
Natural Gas	233,031	302,860	303,090	303,860	1,000	0.3%
Propane	0	0	0	0	0	NA
SUBTOTAL	1,092,976	1,244,460	1,253,840	1,368,980	124,520	10.0%
TOTAL TAX SUPPORTED	12,632,400	13,926,130	13,887,510	15,360,280	1,434,150	10.3%
NON-TAX SUPPORTED OPERATIONS						
Electricity	1,458,037	1,708,240	1,708,500	2,075,090	366,850	21.5%
Water & Sewer	150,246	169,760	169,760	173,370	3,610	2.1%
Fuel Oil	2,612	1,280	1,280	1,280	0	NA
Natural Gas	320,744	365,340	365,340	385,080	19,740	5.4%
Propane	1,000	1,000	1,000	1,500	500	NA
TOTAL NON-TAX SUPPORTED	1,932,639	2,245,620	2,245,880	2,636,320	390,700	17.4%
SUMMARY - COUNTY GOVERNMENT						
Electricity	12,270,383	13,523,220	13,483,390	15,045,010	1,521,790	11.3%
Water & Sewer	931,978	1,034,770	1,021,800	1,135,870	101,100	9.8%
Fuel Oil	48,122	66,290	66,710	96,460	30,170	45.5%
Natural Gas	1,313,556	1,546,470	1,560,490	1,717,760	171,290	11.1%
Propane	1,000	1,000	1,000	1,500	500	NA
TOTAL COUNTY GOVERNMENT	14,565,039	16,171,750	16,133,390	17,996,600	1,824,850	11.3%
OUTSIDE AGENCIES TAX AND NON-TAX SUPPORTED OPERATIONS						
Electricity	27,747,937	31,045,850	31,836,070	33,632,740	2,586,890	8.3%
Water & Sewer	2,434,862	2,462,010	2,478,950	2,533,580	71,570	2.9%
Fuel Oil	444,506	352,330	339,050	423,910	71,580	20.3%
Natural Gas	5,762,219	6,346,190	6,593,480	8,027,710	1,681,520	26.5%
Propane	184,119	111,860	118,450	120,050	8,190	7.3%
SUBTOTAL	36,573,643	40,318,240	41,366,000	44,737,990	4,419,750	11.0%
TOTAL UTILITIES EXPENDITURES						
Electricity	40,018,320	44,569,070	45,319,460	48,677,750	4,108,680	9.2%
Water & Sewer	3,366,840	3,496,780	3,500,750	3,669,450	172,670	4.9%
Fuel Oil	492,628	418,620	405,760	520,370	101,750	24.3%
Natural Gas	7,075,775	7,892,660	8,153,970	9,745,470	1,852,810	23.5%
Propane	185,119	112,860	119,450	121,550	8,690	7.7%
TOTAL UTILITIES EXPENDITURES	51,138,682	56,489,990	57,499,390	62,734,590	6,244,600	11.1%